



# Power Function Review II Managerial Workshop Appendix

March 8, 2006

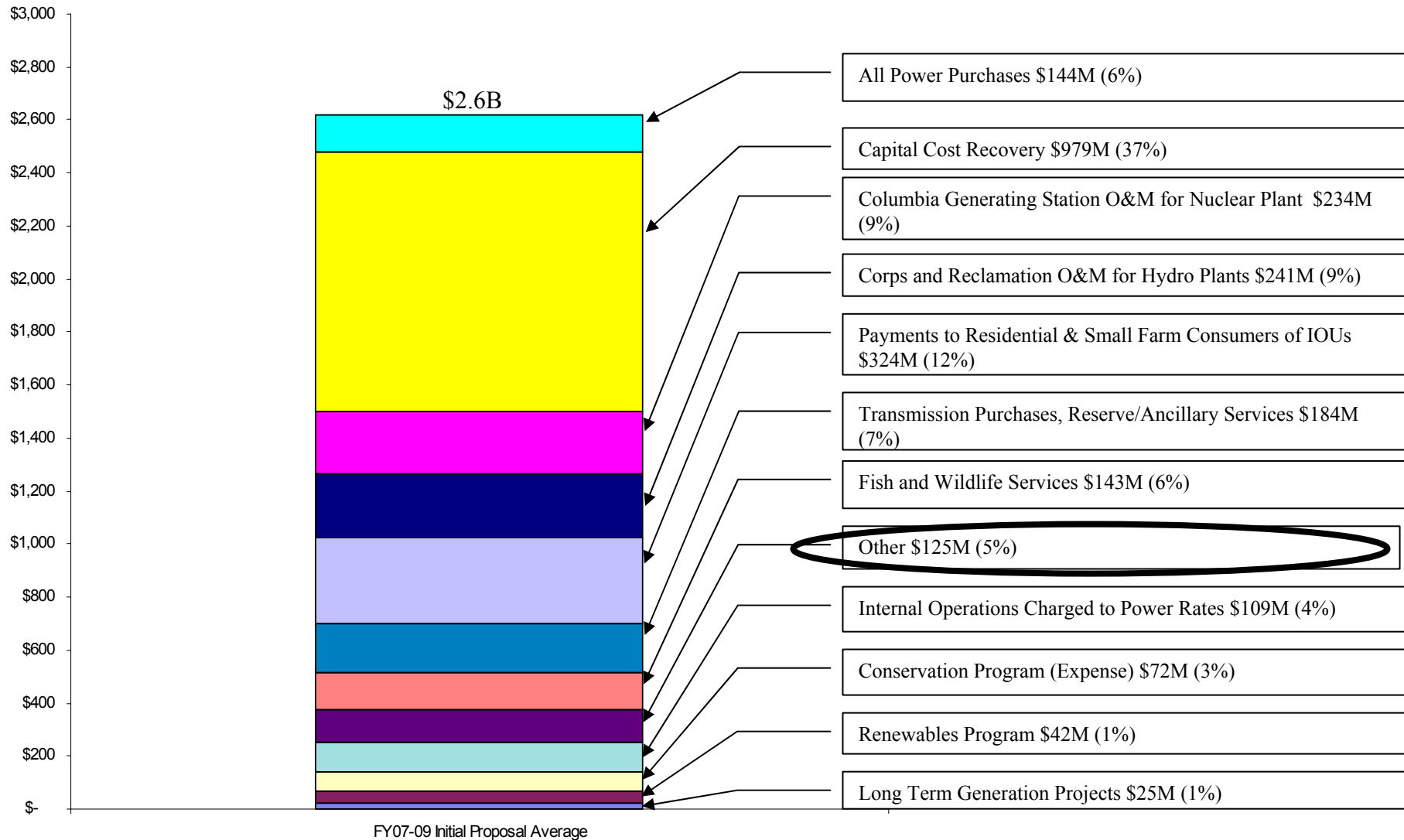
# Other requested topics addressed at the PFR II technical meetings

# Power Function Review II

## Northwest Power and Conservation Council Funding Level



# Average Annual Power Expenses for FY07-09





# Level of Council Funding

- The Regional Act limits the funding that BPA may provide to the Council to “0.1 mills multiplied by the kilowatt hours of firm power forecast to be sold by the Administrator during the year to be funded.”
- There are various opinions and interpretations of how the Regional Act formula should be applied and how residential exchange settlements should be treated.
- For the upcoming rate period, BA has agreed to provide the following funding levels for Council operations.

2007	\$9.085 million
2008	\$9.276 million
2009	\$9.467 million
- These levels reflect a 2 percent cost-of-living increase in salaries. Others costs either have been held constant or include 2 percent inflation.
- The Council releases its draft budget to the region in May, allows a 45-60 day public comment period, and adopts its final budget by August each year. No comments were received last year.
- BPA believes the current level of funding is appropriate for the job the Council is doing.

# Level of Council Funding

**Example of How Council Budget Limits Can Be Estimated  
Estimated at 0.02 and 0.10 mills/kwh Using 2004 White Book  
For FY 2007 through 2009  
In Dollars**

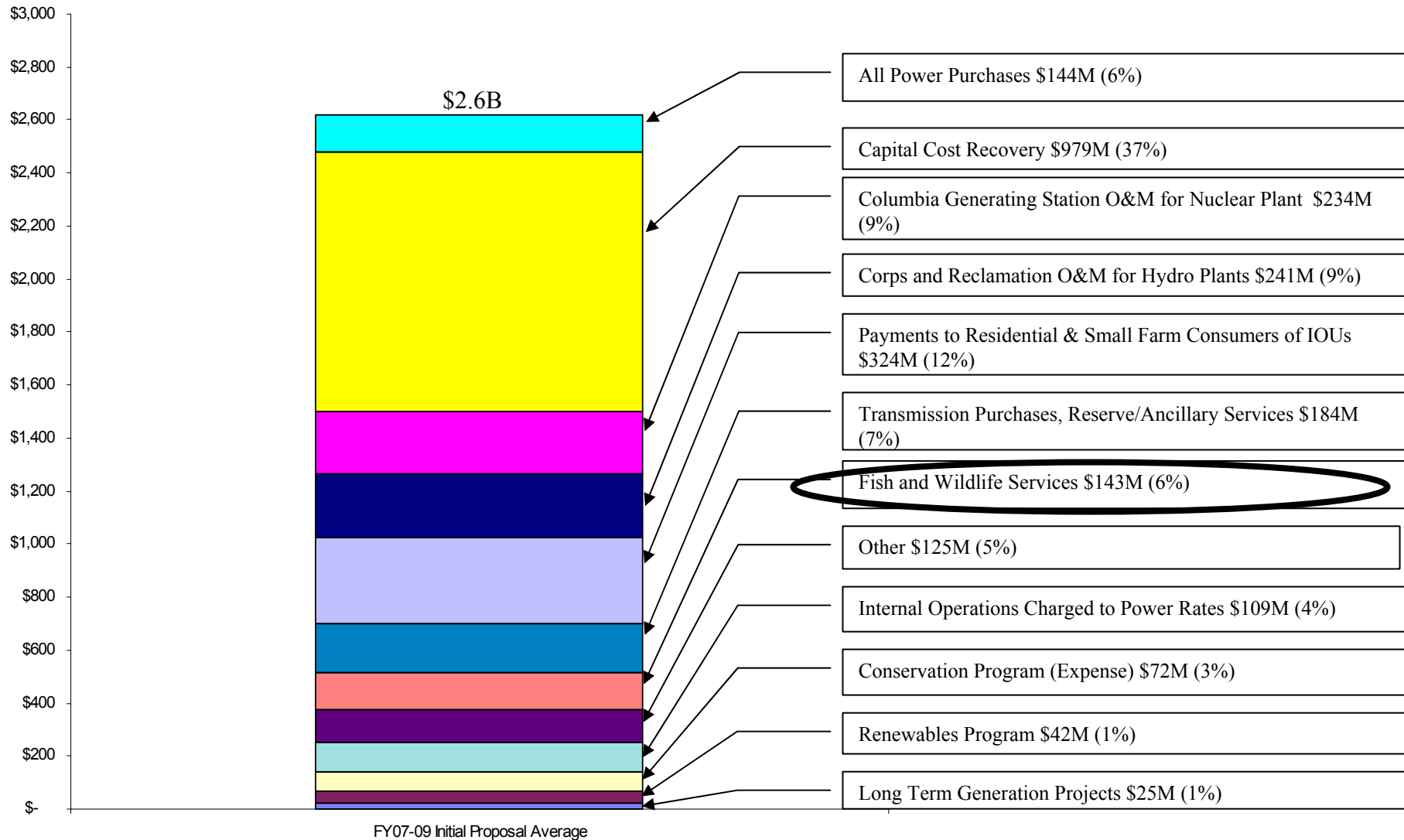
	Fiscal Year		
	2007	2008	2009
Council Budget Estimated at 0.02 mills/kwh			
1 Federal Agen. & USBR 2002 PSC	48,146	49,254	51,242
2 NGP Non-Slice 2002 PSC	513,995	519,663	524,471
3 NGP 2002 Slice PSC	107,449	109,764	108,267
4 GPU Non-Slice 2002 PSC	418,791	421,252	423,319
5 GPU 2002 Slice PSC	178,938	182,793	180,300
6 IOU 2002 PSC	591,478	597,393	603,367
7 DSI 2002 PSC	0	0	0
8 Exports (Power Sales Only)	10,512	10,512	10,512
9 Intra-Reg. Transfers Out (Power Sales Only)	31,238	31,238	31,238
10 Council Budget @ 0.02 mills/kwh	\$1,900,547	\$1,921,870	\$1,932,716
Council Budget Estimated at 0.10 mills/kwh			
11 Federal Agen. & USBR 2002 PSC	240,730	246,271	256,208
12 NGP Non-Slice 2002 PSC	2,569,974	2,598,317	2,622,356
13 NGP 2002 Slice PSC	537,247	548,822	541,337
14 GPU Non-Slice 2002 PSC	2,093,954	2,106,259	2,116,596
15 GPU 2002 Slice PSC	894,689	913,964	901,499
16 IOU 2002 PSC	2,957,391	2,986,965	3,016,835
17 DSI 2002 PSC	0	0	0
18 Exports (Power Sales Only)	52,560	52,560	52,560
19 Intra-Reg. Transfers Out (Power Sales Only)	156,191	156,191	156,191
20 Council Budget @ 0.10 mills/kwh	\$9,502,735	\$9,609,348	\$9,663,582
IOU Residential Exchange is estimated at 3400 to 3700 aMW.			

# Power Function Review II

## Integrated RM&E



# Average Annual Power Expenses for FY07-09







# Framework for Integrated ESA and F&W Program RM&E

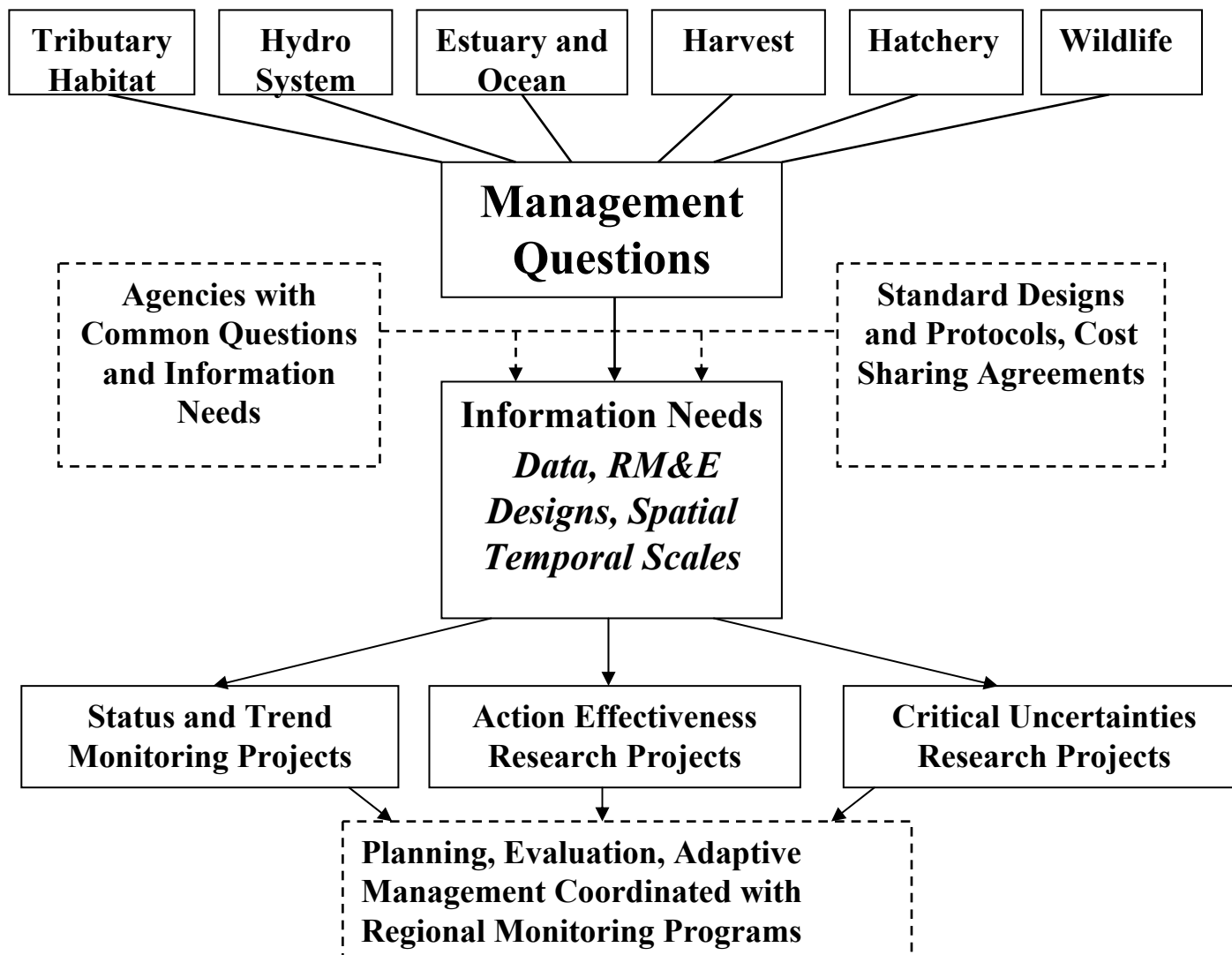
## **In the Power Business Line PFR I last year we concluded:**

- \$143M Fish & Wildlife Program Funding Level
- Identified need for a more strategic and focused RM&E Program
- Allows for funding of more “on-the-ground” work directly benefiting fish and wildlife

## **What we are doing and why:**

- To compile data needed for key management questions including performance tracking, and adaptive management
- Required for ESA BiOps, Federal All-H Strategy, and Integrated Fish and Wildlife Program
- Federal Caucus RM&E Team continue to refine draft Framework
- New 2004 BiOp – RM&E updated in Implementation Plan Strategies
- Pilot Projects under development: PNAMP, CSMEP, NED

# RM&E Integration





# Where Are We In the Process?

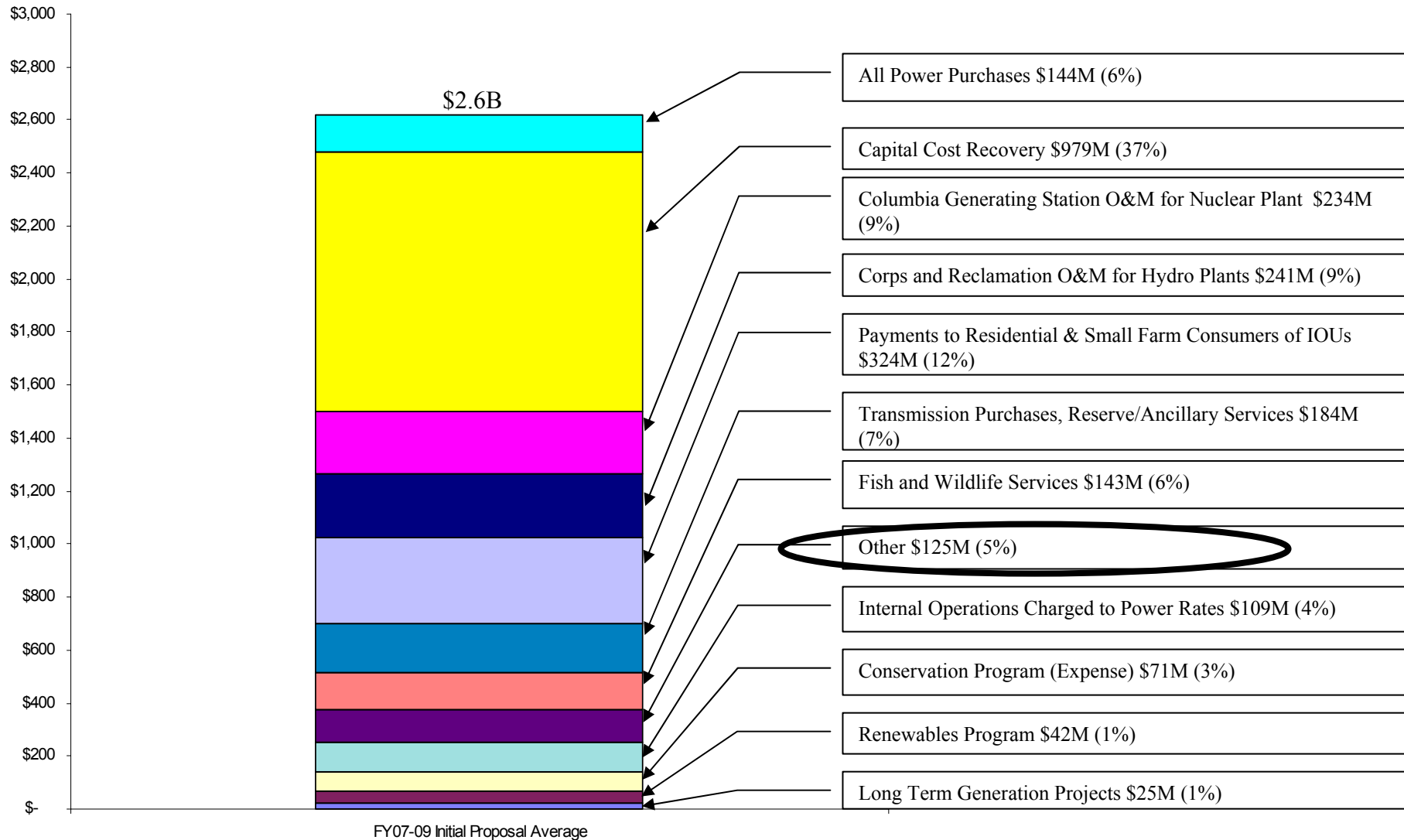
- Integrating Standards and Framework through the Council's FY 07-09 Proposal Solicitation Process
- Council Regional Fish & Wildlife Research Plan adopted
- Current Survey of Management Questions/Needs and Monitoring Inventory
- Updating the 2003 Federal RME Plan in 2006
- Federal Caucus Group clarifying Federal Responsibilities
- NOAA Recovery Planning Framework Consistency
- BiOp Remand Process includes development of a RM&E Framework

# Power Function Review II

## Spokane Settlement



# Average Annual Power Expenses for FY07-09



# Spokane Settlement

## Potential Cost Increase (Scorecard, line 25):

- **Background:**

- In the original PFR forecast last year there was an estimate for costs associated with the Spokane Settlement proposal. In the final PFR report it was decided to remove the forecast amount out of the revenue requirement since it had not passed the House and Senate at that time. However, this issue is being discussed in the House and Senate again this year so there is still a chance the legislation will come to pass. BPA committed to revisit this issue in the PFR II in order to give participants a feel for what is happening with the legislation.

- **Current Update:**

- Legislation introduced in House and Senate.
- House and Senate committees agreed to common bill.
- House passed the bill; House bill now at the Senate, though is being held.



# Spokane Settlement

- **Initial Proposal treatment of the potential Spokane Settlement:**
  - The revenue requirement assumed a forecast of \$0 M in the initial proposal
  - The forecast amount for the Spokane Settlement is calculated as 28.3% of the Colville Settlement amount. There is a floor and ceiling amount to this calculation
  - The Colville settlement amount is based on the output from Grand Coulee valued at an amount as stipulated by the original legislation and includes a ceiling and floor.
  - The risk section (NORM) assumed a 60% probability of occurrence for the Spokane Settlement when it modeled this risk



# BPA Financial Disclosure Information

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- All FY '06-'09 information was provided in March 2006 and cannot be found in BPA-approved Agency Financial Information but is provided for discussion or exploratory purposes only as projections of program activity levels, etc.
- All FY '97-'05 information was provided in March 2006 and is consistent with audited actuals that contain BPA-approved Agency Financial Information.